

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0948-02
Bill No.: HB 296
Subject: Administration, Office of Labor and Management; Public Buildings; State
Departments
Type: Original
Date: March 4, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue *	\$47,264 to Unknown	\$48,448 to Unknown	\$49,661 to Unknown
Total Estimated Net Effect on General Revenue Fund	\$47,264 to Unknown	\$48,448 to Unknown	\$49,661 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various*	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	Unknown	Unknown	Unknown

*** Could Exceed \$100,000 in any given fiscal year.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Division of Design and Construction** assume the proposal would have no fiscal impact on their office.

Officials from the **Department of Transportation (MoDOT)** assume this proposal would remove the prevailing wage requirements for the construction of public buildings, roads, highways, and bridges and require prevailing wage rates to be set by county, not by locality. The proposal would have a fiscal impact on MoDOT; however, the exact amount cannot be estimated. If state wage rates aren't required on public highways and bridges, there may be some projects in rural Missouri where construction contract costs would be lower as a result of the proposal. State funded projects in urban areas probably would not be significantly affected since most jobs are performed by union labor. The vast majority of MoDOT road and bridge projects are federally funded and are required to pay federal wage rates. MoDOT cannot estimate the fiscal impact of the legislation; however, MoDOT anticipates the impact would be greater than \$100,000.

Officials from the **Department of Labor and Industrial Relations (DOL)** estimate prevailing wage issues related to construction of public buildings, roads and highways and bridges make up approximately 50% of an average year's complaint load. DOL assumes, based on the anticipated

ASSUMPTION (continued)

workload, there would be a reduction of 1.3 investigators in the Department's Division of Labor Standards. DOL calculated the anticipated savings using the salary of a Wage and Hour Investigator I and actual expenditures for FY 2002 and duties as assigned.

Although the Division of Design and Construction (Office of Administration) did not indicate any potential savings, **Oversight** assumes the proposal could result in a savings in the cost of construction of public buildings, roads and highways and bridges to all public entities.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Savings</u> – DOL			
Personal Services (1.3 FTE)	\$33,291	\$34,123	\$34,976
Fringe Benefit	\$13,473	\$13,810	\$14,155
Expense and Equipment	<u>\$500</u>	<u>\$515</u>	<u>\$530</u>
<u>Total Savings</u>	<u>\$47,264</u>	<u>\$48,448</u>	<u>\$49,661</u>
<u>Savings</u> – Various State Agencies			
Potential Reduction in Construction Costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$47,264 to Unknown</u>	<u>\$48,448 to Unknown</u>	<u>\$49,661 to Unknown</u>

VARIOUS OTHER STATE FUNDS

<u>Savings</u> – Various State Agencies			
Potential Reduction in Construction Costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Local Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

VARIOUS LOCAL FUNDS

Savings – Various Local Governments

Potential Reduction in Construction Costs

Unknown

Unknown

Unknown

FISCAL IMPACT - Small Business

Some small business contractors who currently receive prevailing wage may not continue to receive prevailing wage under this proposal.

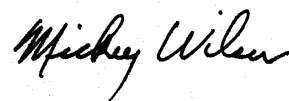
DESCRIPTION

This proposal excludes public works involving construction of public buildings, roads, highways, and bridges from the prevailing wage law. The proposal also changes the area for which the prevailing wage is determined from locality to county.

This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Office of Administration – Division of Design and Construction
Department of Transportation



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